## Message Text

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INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01 DOE-15 /119 W

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P 231018Z MAR 78 FM USMISSION GENEVA TO SECSTATE WASHDC PRIORITY 7577 INFO AMEMBASSY TOKYO

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E.O.11652: N/A

TAGS: ETRD, GATT, MTN, JA

SUBJECT: STRAUSS/USHIBA MEETING APRIL 10--PROSPECTIVE

AGENDA TOPICS

- 1. BEGIN SUMMARY: AMBASSADORS SAWAKI AND MCDONALD EXCHANGED VIEWS MARCH 22 ON ITEMS THEY ANTICIPATED AMBASSADOR STRAUSS AND MINISTER USHIBA WOULD WANT TO TAKE UP AT THEIR BILATERAL MEETING APRIL 10. LIST INCLUDES: MTN OFFERS, SAFEGUARDS, GOVERNMENT PROCUREMENT, WHEAT CONFERENCE FOLLOW-UP, SUBSIDIES/CVD, KEY LDC ISSUES (S&D, FRAMEWORK), AND MISCELLANEOUS (INCLUDING BRIEF REFERENCE TO CUSTOMS VALUATION). END SUMMARY.
- 2. AMB SAWAKI IS RETURNING TO TOKYO THIS WEEKEND TO ASSIST IN INTRA-GOJ PREPARATIONS FOR USHIBA VISIT TO GENEVA APRIL 10. HE REQUESTED MEETING WITH AMB MCDONALD LIMITED OFFICIAL USE

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MARCH 22 TO EXCHANGE VIEWS ON TOPICS THEY CONSIDERED THEIR PRINCIPALS SHOULD BE PREPARED TO ADDRESS.

- 3. AMB MCDONALD INDICATED STRAUSS WOULD PROBABLY WANT TO FOCUS ON THREE ISSUES:
- (A) MTN OFFERS, I.E., STATUS OF WORK AND TIMETABLE

FOR BRINGING OUR RESPECTIVE OFFERS UP TO A MUTUALLY-ACCEPTABLE LEVEL AND IDENTIFICATION OF KEY PROBLEM AREAS.

- (B) SAFEGUARDS, I.E., STATUS OF JOINT U.S.-JAPANESE EFFORTS TO DEVELOP AN ACCEPTABLE AGREEMENT ON SAFEGUARDS AND POSSIBLE RESOLUTION OF ANY OUTSTANDING DIFFERENCES.
  (C) GOVERNMENT PROCUREMENT, I.E., THE NEED FOR A MORE POSITIVE, FORTHCOMING JAPANESE POSITION.
- 4. AMB SAWAKI AGREED FOREGOING TOPICS SHOULD BE DISCUSSED AND OFFERED FOLLOWING BRIEF COMMENTS ON EACH:
- (A) RE OFFERS, HE PROBED FOR INDICATION OF AREAS OF GREATEST CONCERN ABOUT JAPAN'S OFFERS. MCDONALD SAID OUR CONCERNS WERE ACROSS-THE-BOARD (TARIFFS AND NTMS AFFECTING BOTH INDUSTRY AND AGRICULTURE AND IT WAS NOT JUST A QUESTION OF A HANDFUL OF ITEMS. IN THIS CONNECTION, WE ADVISED SAWAKI WE WOULD GIVE UKAWA OUR REQUESTS FOR SUPPLEMENTORY NON-AGRICULTURAL TARIFF OFFERS ON MARCH 24. SAWAKI SAID U.S. OFFER IS DEFICIENT DUE TO UNCERTAINTY ABOUT U.S. INTENTION ON ASP, FINAL LIST, CONVERSION OF SPECIFIC RATES TO AVE.
- (B) RE SAFEGUARDS, SAWAKI NOTED JAPANESE DRAFT ON MFN/SELECTIVITY HAD BEEN SENT TO US YESTERDAY (TEXT IN GENEVA 04411) AND HE HOPED BILATERAL CONTACTS NEXT WEEK LIMITED OFFICIAL USE

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WOULD BRING US CLOSER TOGETHER ON THIS ISSUE.

- (C) ON GOVERNMENT PROCUREMENT, UKAWA SAID THIS WEEK'S MEETING OF SUBGROUP HAD HAD SALUTARY EFFECT OF "EDUCATING" JAPANESE OFFICIALS FROM TOKYO THAT THEIR STAND-PAT POSITION WON'T WORK.
- 5. SAWAKI INDICATED HE EXPECTED USHIBA WOULD WISH TO RAISE A FEW OTHER ISSUES:
- (A) WHEAT CONFERENCE. JAPAN IS DISTURBED ABOUT POSSIBILITY OF NO RESUMPTION OF WHEAT NEGOTIATIONS UNTIL SEPTEMBER. SAWAKI SAID SUCH A DEFERRAL WOULD CAST DOUBT ON VIABILITY OF MID-JULY WINDUP FOR MTN AND WOULD ALSO ADVERSELY AFFECT JAPAN'S INTEREST IN COOPERATING ON MEAT AND DAIRY. MCDONALD SAID WE HOPED WHEAT CONTACT GROUP COULD NARROW DIFFERENCES SUFFICIENTLY DURING MAY TO PERMIT RESUMPTION OF CONFERENCE ABOUT MID-JUNE.
- (B) SUBSIDIES/CVD. SAWAKI SAID JAPAN PRETTY MUCH IN THE DARK ABOUT U.S.-EC DISCUSSIONS, RECOGNIZED IMPORTANCE OF SOLUTION, AND SAID GOJ HAS DELIBERATELY AVOIDED TAKING

SIDES IN U.S.-EC DISPUTE.

(C) CUSTOMS VALUATION. SAWAKI THOUGHT USHIBA WOULD BE INTERESTED IN CONFIRMATION THAT U.S. IS SERIOUS IN PROCEEDING WITH NEGOTIATIONS AIMED AT NEW SYSTEM BASED ON EC DRAFT CODE. MCDONALD SAID WE WERE INDEED SERIOUS AND WERE ON RECORD AS WILLING TO BASE NEGOTIATIONS ON EC TEXT ALTHOUGH WE WOULD WANT SOME CHANGES.

(D) LDC ISSUES. SAWAKI THOUGHT USHIBA AND STRAUSS SHOULD CONSULT ABOUT WHERE WE ARE HEADING ON A FEW KEY LDC ISSUES SUCH AS ENABLING CLAUSE AND EXPORT RESTRAINTS. MCDONALD AGREED THIS DESERVED SOME ATTENTION BY PRINCIPALS,

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P 231018Z MAR 78 FM USMISSION GENEVA TO SECSTATE WASHDC PRIORITY 7578 INFO AMEMBASSY TOKYO

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MTN RESULTS AND BRINGING LDCS INTO THE SYSTEM.

6. SAWAKI AND MCDONALD BOTH NDTED THEY COULD NOT PRECLUDE THEIR PRINCIPALS RAISING OTHER ISSUES, BUT AGREED ON PERSONAL BASIS THAT THE LIST SUMMARIZED PARA 1 ABOVE OFFERED SCOPE FOR SUBSTANTIVE BILATERAL APRIL 10. BOTH THOUGHT MINIMUM OF 2 HOURS WOULD BE NEEDED FOR THIS PURPOSE. CULBERT

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TAGS: ETRD, JA, GATT, MTN, (USHIBA, NOBUHIKO), (STRAUSS, ROBERT)

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